

# INDUSTRY UPDATE

Biweekly Period Ending March 24, 2001

## Phoenix Metro Area

### ***Manufacturing***

**Details** on how **Motorola's** recent announcements of worldwide **cutbacks** in its cellular, networking, and semiconductor businesses (see February 24<sup>th</sup> and March 10<sup>th</sup> issues of *Industry Update*) will affect Valley operations are beginning to trickle out.

**Motorola's Computer Group**, which employs about 1,900 of its global workforce of 2,200 in the Phoenix area, will **cut 150 jobs locally**. Since December, Motorola has announced layoffs of 22,000 workers globally, with the majority of the cuts coming in its cellular operations in the Midwest.

### ***Transportation, Communications, and Public Utilities***

A joint venture between **America West Airlines** and **Mesa Air Group** could bring at **least 2,000 jobs** to a planned **east Valley training facility within the next year**. The most likely site for the state-of-the-art operation is Williams Gateway Airport in east Mesa. Tempe-based America West will add between 40 and 100 airplanes to its regional fleet over the next four years, with most of the planes operated by Phoenix-based Mesa Air Group, a regional carrier that had net earnings of \$59 million in 2000. The two airlines have a code-sharing agreement that funnels passengers to each other.

Increased competition and a realignment of priorities have forced **Cox Communications** to **stop work** and put up for sale a half-complete, three-story **headquarters and several support buildings in north Phoenix**. The Atlanta-based telecommunications and media company, which controls most of the cable TV in the Valley, will now **focus its efforts on**

**expanding its digital-cable, high-speed Internet, and telephone services**. Loss of customers to satellite TV and other providers of broadband services, along with complaints about the quality of service, forced Cox to cut costs and invest more money in customer service.

### ***Finance, Insurance, and Real Estate***

**Washington Mutual** was expected to **open eight of 40 "financial centers"** planned for the Phoenix metro area the week of March 26. The Seattle-based bank, which **expects to hire 500 to 600 Valley workers** over the next 18 months, features a trendy Gap-store look in its branch offices. Each office features a "concierge" who greets customers and guides them to an appropriate service area.

### ***Trade***

Although the east Valley city of Chandler has been hit hard by recent high-tech layoffs, the **opening of 1.3 million-square-foot, 150-store Chandler Fashion Center** (southwest corner of Loop 101 and Chandler Boulevard) in October is expected to **create 3,500**, albeit mainly lower-paying, **jobs**. National retailers opening stores at the mall — Nordstrom, Robinson's May, and Sears — typically begin hiring management workers well before they open. In addition, **two other shopping centers** catty-corner to the mall will be **opening this fall**. **Chandler Gateway**, just north of Chandler Boulevard across from the mall, will feature a Sears Great Indoors store; and **The Boulevard Shops**, on the south side of Chandler Boulevard fronting the shopping center, will be home to a PF Chang's restaurant.

### ***Services***

**Barrow Neurological Institute** plans to **build a \$25 million neuroscience center**

on the **campus of St. Joseph's Hospital and Medical Center** in Phoenix. The seven-story building, expected to take two years to complete, will **include medical offices**, as well as **outpatient and diagnostic services**. St. Joseph's, located at 3<sup>rd</sup> Street and Thomas Road, is also awaiting approval from its board of directors on a **\$110 million expansion that will add 128 beds** in a new seven-story patient tower, as well as **new operating and emergency rooms**.

Like so many of its dot.com brethren, Tempe-based **LeapSource ran out of money** before it could prove it had a sound business plan. Providing back-office financial and accounting services to Internet companies, LeapSource **laid off its remaining 200 employees** in mid-March when it was unable to secure additional venture capital. Only last October, the company announced plans to expand and hire hundreds of additional workers.

**Charles Schwab's 2,500 Valley workers** are waiting to hear how a 13 percent reduction in the discount stock broker's worldwide workforce will affect Phoenix-area operations. The San Francisco-based company, which has seen its profits shrivel up the past 12 months as the stock market has fallen on hard times, has **two customer-service operations** and a **computer center** in the Valley. In addition, it's not known how the downturn will affect Schwab's plans for a 500,000- to 700,000-square-foot corporate campus in the east Valley.

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## **Tucson Metro Area**

### ***Manufacturing***

**Global Solar**, which makes photovoltaic film for solar devices, **cut its workforce of 100 by one-third** in mid-March. A subsidiary of Unisource, the parent company of Tucson Electric Power, Global Solar cut jobs because it was unable to make its sales projection of 10 megawatts of photovoltaic material a year. Unisource invested \$20 million in Global Solar last year.

Another Tucson-area business relying on solar

power is **Native American Botanics Corp.** With capital earned by winning several government research grants, the company's co-founders became a distributor of freeze-dried herb capsules for an Oregon company and recently **began construction of a greenhouse** on the **Pascua Yaqui reservation** 15 miles southwest of Tucson. Native American Botanics hopes to eventually partner with five to 10 Native American tribes and develop production, supply, and distribution networks for herb products. The company's five-year goal is to have a 20-acre greenhouse with 500 workers.

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## **Balance of State**

### ***Mining***

Due to the high cost of electricity and low copper prices, **Phelps Dodge Corp.** will **scale back operations** this summer in Arizona, New Mexico, and Colorado. Initially, Phelps Dodge plans to reduce workers' hours, but layoffs are also a possibility. **Mines** expected to be **affected in Arizona** are in **Green Valley** (south of Tucson) and **Bagdad** (between Wickenburg and Kingman).

### ***Construction***

Developer Steve Iverson is expected to **break ground** this spring on a 91-lot **affordable-housing project** in Star Valley **near Payson**. The Gila County Planning and Zoning Commission has approved the 21-acre manufactured-home project a one-half mile south of Highway 260 on Moonlight Drive. The houses will sell for around \$90,000.

### ***Transportation, Communications, and Public Utilities***

**Citizens Communications** received approval from the Arizona Corporation Commission to **take over local phone service in Yuma County** from Qwest Communications (formerly US West) in late June. Based in Stamford, Conn., Citizens Communications provides local and long-distance phone service in 17 states and employs 3,600 people.

No specific information was released about employment in Yuma County, but for more information on the company, go to its website ([www.citizenscommunications.com](http://www.citizenscommunications.com)).

### **Services**

**River Walk Development LLC** has **signed an agreement** with the **Fort Mojave Indian Reservation** to **build three casino/hotels, a recreational vehicle park, houses, and retail shops** on 160 acres of reservation land in Laughlin, Nevada, which is directly across the Colorado River from Bullhead City, Arizona. Each hotel will have about 300 rooms and an 80,000 square-foot gaming area, while the RV park will offer 700 spaces. The tribe wants to have the **first phase** of the project, the three casino/hotels, **open within two years**. Fort Mojave is one of several Arizona tribes expanding into the resort business. About 200 miles southeast of Fort Mojave and 35 miles south of Phoenix, the **Ak-Chin Indian Community** opened a **146-room resort** next to its six-year-old casino in mid-March. The hotel, which like the casino is run by Harrah's Entertainment Inc., is expected to **create 100 jobs**, bringing Ak-Chin's total employment to 750. In addition, the **Gila River Indian Community**, a stone's throw from the Ak-Chin tribe, was expected to **break ground** in late March on a **500-room resort and golf course** (which will be run by Sheraton Hotels) at the tribe's Wild Horse Pass casino. And the Fort McDowell Yavapai Nation north of Scottsdale is looking at plans to build a resort hotel to add to its casino property.

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*Industry Update* is produced biweekly as a stand-alone publication and quarterly as part of *Arizona Economic Trends* by the Arizona Department of Economic Security, Research Administration. *Industry Update* is a compilation of public announcements and articles from newspapers and periodicals about business events significant to Arizona labor markets. Due to space limitations, however, an exhaustive list of industry news is not feasible. In addition, DES, Research Administration is not responsible for incorrect information reported by these sources. For more information, contact DES, Research Administration by writing to 1789 W. Jefferson St., Site Code 733A, Phoenix, AZ 85007, or calling (602) 542-3871.